

EASTERN REGIONAL SERVICES BOARD

Minutes of Meeting #18

October 2, 2013

7:00 p.m.

Capital Hotel

Kenmount Road, St. John's, NL

In Attendance:

Ed Grant, Chairperson
Ches Ash, Trinity Conception North
Bill Bailey, Clarenville & Isthmus
Wally Collins, St. John's
Joy Dobbie, Trinity Bay South & Isthmus East
Woodrow French, Conception Bay South
Derrick Green, Bay Roberts
Sandy Hickman, St. John's
Sterling Willis, Paradise
Dave Aker, Mount Pearl
Colin Corcoran, Southwest Avalon

Regrets:

Danny Breen, St. John's
Gerry Colbert, St. John's
Shannie Duff, St. John's
Debbie Hanlon, St. John's
Frank Galgay, St. John's
Tom Hann, St. John's
Sheilagh O'Leary, St. John's
Bruce Tilley, St. John's
Harold Mullowney, Vice Chairperson/Southern Shore

Other Attendees:

Ken Kelly, Chief Administrative Officer, Eastern Waste Management
Michelle Squires, Accounts Receivable, Eastern Waste Management
Kevin Power, Manager Waste Operations, Eastern Waste Management
Frank Huxter, Director (Acting), Waste Management Division, Municipal Affairs
Sarah Morgan, Regional Coordinator, Bonavista Regional Waste Management Committee
Steve Colford, Manager of Waste and Recycling Operations, Robin Hood Bay

1. Call to Order

Mr. Ed Grant, Chairperson, called the meeting to order at 7:00 p.m.

Mr. Grant, on behalf of all Board members, passed along congratulations to all those re-elected in their respective districts and to thanked Woodrow French, Ches Ash, Derrick Green and Colin Corcoran, who were not re-elected, for attending tonight's meeting and giving the board quorum. Mr. Grant also extended a welcome to Mr. Frank Huxter, Sarah Morgan, and Steve Colford. Mr. Grant noted that this was an important time for the board as new appointments will be forthcoming.

2. Adoption of Agenda

It was moved and seconded (W Collins/D Green) to adopt the agenda as tabled.
MOTION 2013-056: Carried (unanimously)

3. Review of Minutes – August 28, 2013

It was moved and seconded (S Hickman/W French) that the minutes of the August 28, 2013 meeting be adopted as tabled.
MOTION 2013-057: Carried (unanimously)

4. Committee Reports

a. Finance & Audit Committee (D Breen, Chairperson)

- i. **Operating Budget for the Board** – Sandy Hickman stated that the Finance and Audit Committee had reviewed, in detail, the 2014 operating budget, which does not include the budget for Robin Hood Bay, and noted that the Committee has asked for more information on the following 5 items:
 - a. Eliminate Transportation Policy
 - b. Potential to extend the hours of operation at each Waste Recovery Facility
 - c. Additional information on the role of the Board Support person
 - d. Reducing the Public Relations support budget (Communications)
 - e. Projection of the 2014 tipping fee and per household fee in ERSB collection areas.

Mr. Hickman asked Mr. Kelly to provide an overview of what was contained in the 2014 operating budget (Appendix A) for the benefit of the entire board.

Mr. Kelly stated there is a reduction of \$730,000 in operating expenditures from the 2013 operating budget mainly because the Transfer Station in Clarendville is estimated to operate for only 4 months versus a full year. Once Capital is included the 2013 and 2014 budget are approximately equal. There will be a surplus of funds from 2013. This will not be known until early 2014. In summary, the projected expenditures are 12% lower in 2014 with a corresponding reduction of in revenue of 10%.

Mr. Kelly noted that there was a 43% increase to the communications budget due to the increase of committee and staff travel. As we have taken on more areas, and are extending out further, we are incurring more expenses to travel to these areas. Staff professional development travel has also increased. Mr. Kelly also noted the inclusion of a new vehicle in

ERSB capital costs so that staff will not have to use their own vehicles; this will be trading off the expense of mileage compared to the new vehicle cost.

Mr. Kelly also noted a significant increase in insurance costs as we now have several pieces of equipment on the road as well as more office space. Our banking fees have also increased in absolute dollars. Woodrow French asked if we had sent out a Request for Proposal in order to compare banking fees. Mr. Kelly replied that we had done some work on this and bought forward to the Finance and Audit Committee and there was an insignificant difference in costs. Ed Grant noted that there is a lot more flexibility in banking fees when you are doing significant borrowing as a municipality would as compared to what EWM would do.

The main item that changed under Purchased Services Administration is the audit. Our auditor is saying that there is a lot more work than originally anticipated because of the consolidation of the sub-regional financial data into our financial software and we have gone from a \$400,000 annual budget to a \$6.2 million dollar organization.

Mr. Kelly continued with the communications and consulting fees. He said that the budgeted amount of \$150,000 remains relatively the same and discussion at the Finance and Audit Committee focused on the portion of the actual expenditure that was for Public Relations fees (ex. News releases, media issues, etc). Mr. Kelly noted that of the actual \$93,000.00 only \$43,000.00 is professional fees and of this approximately \$3,000.00 to \$4,000.00 are actually public relations fees. Most of the fees included in the \$93,000.00 are for things like designing the HHW campaign and brochures, designing signage for our trucks and Waste Recovery Facilities, media buys for newspaper, radio etc... and the printing and mailing of the householder brochures. The consulting budget of \$100,000 includes legal advice regarding things like the Memorandum of Understanding with the City of St. John's, small claims cases and the Service Delivery Policy. The consulting project to study reuse of asphalt shingles is also carried in this budget.

With regards to the Memorandum of Understanding, Ed Grant explained that he, Ken Kelly and the lawyer representing the ERSB met with the City of St. John's lawyers and senior staff and Mr. Grant feels that a working arrangement has been reached with the City of St. Johns. Another draft of the MOU is in development.

With regards to the projected cost of \$100,000.00 for consulting fees (legal fees) when the amount spent this year was considerably lower, Sandy Hickman questioned whether the projected amount should be lowered. Mr. Kelly explained that it was a good practice to carry this amount in case of appeals and trials. He pointed out that the cost for the preparation of an appeal that was issued to a delinquent account this past year was approximately \$7,000.00 with a trial costing upwards of \$10,000.00. Mr. Hickman suggested this amount be revisited next year.

Ken Kelly then noted that the budget amount for the Waste Recovery Facilities has gone down by 3%. The actual is much lower because we have delayed staffing due to the lack of facilities

or office space. Also, in 2013, we budgeted for the Waste Recovery Facilities in Cavendish, Whitbourne, and Harbour Grace which were expected to be operational much earlier in the year.

Mr. Kelly stated that the major area of change between 2013 and 2014 budgets is the operations of the Transfer Station in Clarendville. We budgeted to have this facility operational for 2013. The facility is projected to open in September 2014 so four months of operations have been budgeted for 2014. This has reduced the 2014 operating budget by approximately \$700,000.

Also noted by Mr. Kelly there was a reduction of \$100,000.00 in the budgeted amount for the transportation policy. The reason for this is that the \$100,000.00 is already addressed in the operations of the Clarendville Transfer Station to cover the regional component of the cost of transporting material from the Transfer Station to the regional landfill at Robin Hood Bay.

Mr. Kelly moved forward with the Collection Contract cost of \$2.7 million dollars. Mr. Kelly is predicting a decrease in this number. He explained the reason for this is that a current contractor has been charging HST on tipping fees at Robin Hood Bay. The Canada Revenue Agency ruled that there is no HST to be charged on tipping fees and have sent a letter to the contractor with regards to this. In future, we will not be paying out any HST on collection contracts and we will be reimbursed by the contractor the amount we have already paid.

A discussion then followed regarding the cost per household for 2014. Ken Kelly explained that these numbers come from the contract cost plus the tipping fee divided by the number of households in each region. These numbers range from \$137.32 to \$181.77 but we are charging a household rate of 180.00. These rates factor in an increase in the tipping fee for 2014. The question is do we charge the true rate based on the costs derived from each sub-region or do we charge a flat rate. Charging the flat rate of \$180.00 will give us a surplus of \$300,000.00. Mr. Kelly stated that we have not included delinquency amount or any administrative costs involved in collection of overdue fees. Ed Grant noted that the ERSB do not have the proper legislation in place that would allow us to issue a lien on a property whose owner refuses to pay for the service. Currently, the only option to collect delinquent fees is through Small Claims Court. This issue will be discussed through future meetings with the minister. A decision on the household cost will be made in conjunction with the setting of the 2014 tipping fee at the next Board meeting.

Mr. Colin Corcoran asks whether any surpluses would be given back to the sub-regions or credited to future amounts owed. Mr. Kelly responded that in the past the amounts collected in the sub-regions stayed with the sub-regions – this included both surpluses and deficits.

With regards to the extension of hours at the Waste Recovery Facilities, a discussion was held and it was decided that an extension of hours across all facilities was not necessary and the demand fluctuates with the season so \$10,000.00 will be added to the budget to be used, at

the managers' discretion, in order to accommodate the extra amount of traffic at the Waste Recovery Sites during the peak period in the summer.

Mr. Kelly addressed the issue of hiring a board support person. In the discussion regarding this, it was decided that further information from staff was needed in order to clarify whether this position would be full-time or part-time and whether or not it could be added to the duties of an existing position. This item has been deferred until the next board meeting.

It was moved and seconded (S Hickman/B Bailey) that ERSB adopt the 2014 Operating Budget for the Board.

MOTION 2013-058: Carried (unanimously)

ii. Renewal of waste collection contract for Southern Shore

Mr. Hickman explained that the waste collection contract for the Southern Shore (Bay Bulls to St. Shott's) is set to expire December 31, 2013.

There is an option in the contract to renew for an additional two years – one year at a time.

We have spoken with the contractor and he is willing to renew if a household count is undertaken to ensure the contract accurately reflects the household count on the Southern Shore.

Staff does not believe that going out to tender will result in savings at this point in time.

It is the recommendation of staff to renew this contract for one additional year at the current price and revisit in fall of 2014.

It was moved and seconded (S Hickman/D Green) to recommend that ERSB exercise the one-year renewal clause in the multi stream waste collection contract for the Southern Shore in the amount of \$396,630 (incl HST) awarded to T2 Ventures Inc for one additional year (January 1, 2014 to December 31, 2014).

MOTION 2013-059: Carried (unanimously)

iii. Renewal of waste collection contract for Southwest Avalon

Mr. Hickman explained that the waste collection contract for the Southwest Avalon (St. Mary's Bay and Placentia Bay) is set to expire January 31, 2014.

There is an option in the contract to renew for an additional two years – one year at a time.

Staff does not believe that going out to tender will result in savings at this point in time.

It is the recommendation of staff to renew this contract for one additional year at the current price and revisit in Fall of 2014.

It was moved and seconded (S Hickman / B Bailey) to recommend that ERSB exercise the one-year renewal clause in the multi stream waste collection contracts for the Southwest Avalon in the amount of \$176,032.32 and \$389,063.32 awarded to Ridge G&P Services Ltd In for one additional year (February 1, 2014 to January 31, 2015).

MOTION 2013-060: Carried (unanimously)

iv. Exempt Charities from tipping fees are Robin Hood Bay

Mr. Hickman explained that the Committee discussed a request from Deputy City Manager, Paul Mackey, City of St. John's for a policy for charities that recycle used clothing that the former exemption of \$1000 in tipping fees be reviewed because the tipping fee has increased since the policy was made in 2004.

This would benefit registered charities that recycle/reuse second hand goods, volunteer groups performing clean ups.

Recommendation is that the limit be set at 50 metric tonnes instead of \$1000.

It was moved and seconded (S Hickman / B Bailey) to recommend that ERSB implement a tipping fee exemption policy for registered charities at the RHB facility to a maximum of 50 metric tonnes.

MOTION 2013-61: Carried (Woodrow French opposed)

v. Invoice each community based on number of actual households/businesses as determined by ERSB

Mr. Hickman asked Mr. Kelly to address the handout and this agenda item.

Mr. Kelly explained that through the work of our GIS technician we have identified that several communities are not being charged for the actual number of households and businesses in the community that can receive service. This results not only in lost revenue but a higher per household fee if not all properties are contributing.

As we saw in the information provided during the budget discussion on the cost per household in our service areas – the cost is a factor of how many households/businesses are in the area.

In the comparison document we have looked at 12 communities in the Southwest Avalon and we can see that there is a difference of 173 in total. This is approximately \$33,000 in lost revenue or \$6 per household in the Southwest Avalon.

It is the recommendation of staff that the actual count of households and businesses as determined by the ERSB be invoiced to each community.

Some of the communities that are on this list are currently having issues paying the waste management fees and in collecting funds from their residents. Many under report because they have large numbers of vacant properties, uncollectable taxes or uncollectable poll tax. Some have asked for a recount because they want the number reduced to correspond to the number of households that they have paying them.

Mr. Corcoran asked that the towns be informed as soon as possible about any changes as they are developing budgets for 2014.

It was moved and seconded (S Hickman/D Green) to recommend that ERSB invoice each community for the actual number of properties as identified by our GIS mapping system. MOTION 2013-62: Carried (unanimously)

b. Strategy & Policy Committee (C Ash, Chairperson)

Agenda item (1) Service Delivery Policy - **change of definition**

Mr. Ash stated that we have had some questions with regards to a definition contained in the Service Delivery Policy for “commercial properties”. The issue focuses on the word “used” and what happens if a property is not being used for a period of time – it is a commercial building that is vacant.

In developing the definition it was a fine line between using a word such as “used” versus something that linked the definition to zoning. Given that we provide services in areas such as unincorporated areas, local service districts and many small towns that do not have formal land use plans in place the definition could not be linked to zoning.

What the policy is intended to capture is a commercial property that is occupied or is capable of being occupied. If it is not capable of being occupied for various reasons - demolished, electrical supply removed, boarded up than it would be exempted from the service and fees.

So the suggestion is to refine the definition to include the phrase “capable of being used”.

The new definition would be as follows:

(1) Motion – to amend definition of Commercial Property in the Board’s Service Delivery Policy to the following "Commercial Property" means a Developed Property used or capable of being

used in whole or in part for small businesses, retail establishments, service establishments, recreational purposes, entertainment purposes, or offices.

The current definition is listed on the agenda and is as follows:

"Commercial Property" means a Developed Property used in whole or in part for small businesses, retail establishments, service establishments, recreational purposes, entertainment purposes, or offices.

It was moved and seconded (C Ash/D Green) that ERSB amend the definition of "commercial property" in its Service Delivery Policy to the following: "Commercial Property" means a developed property used or capable of being used in whole or in part for small businesses, retail establishments, service establishments, recreational purposes, entertainment purposes, or offices."

MOTION 2013-63: Carried (unanimously)

5. New Business

- i. Correspondence sent to the Minister of Municipal Affairs – implementation of Provincial Waste Management Strategy on Bell Island.

Mr. Grant summarized the letter sent to the Minister by the Board that the landfill on Bell Island should be closed and the residents should begin transporting to the regional landfill similar to other residents in the Eastern Region.

- ii. Mr. Grant explained a site visit to Burin Compost Project week of October 14 to 18, 2013 planned and more information will be sent via email. We attended a conference sponsored by the MMSB and organics is coming soon. Province is also working on a study by Dillon Consulting as a strategy for the Province.

Mr. Grant summarized a meeting with the Minister between himself, Mr. Don Downer in the West and Mr. Allan Scott in Central. Meeting discussed remuneration for members and the tools that the regional service boards need to do the work mandated by Province – ability to charge liens on property instead of small claims, interest on debts, and knowing property ownership.

Minster has asked for more information outline of what is being proposed as changes to the legislation.

Mr. Ash asked is there any change in the status of members that were no elected in the most recent municipal election. Mr. Grant stated you are still a board member until the Minister appoints a replacement and this does take some time for this process to be completed. Mr.

Ash, so the fact that there is an election in the sub-region and someone new is elected does not mean the person is on the Board - person is only on the Board once the Minister appoints them. Mr. Grant – that's correct.

6. Next Meeting

The next regular meeting of the Eastern Regional Service Board is scheduled for **Wednesday, October 30th at 7:00 p.m., Ramada St. John's.**

7. Adjournment

**It was moved (E Grant) to adjourn the meeting at 9:00 p.m.
MOTION 2013-055: Carried**

*Prepared by: Michelle Squires
October 7, 2013*

APPENDIX 'A'

Eastern Regional Service Board Budget Summary 2014

	Year					
	2009 Committee	2010 Committee	2011	2012	2013	2014
OPERATING						
Governance & Administration						
Salaries	\$ 105,000	\$ 105,000	\$ 313,000	\$ 345,795	\$ 389,000	\$ 436,993
Employee Benefits	\$ 6,200	\$ 6,200	\$ 18,677	\$ 48,197	\$ 102,005	\$ 125,940
Transportation and Communications	\$ 27,300	\$ 27,300	\$ 29,220	\$ 56,620	\$ 64,820	\$ 92,900
Supplies	\$ 4,400	\$ 4,400	\$ 18,500	\$ 28,500	\$ 43,100	\$ 66,700
Purchased Services	\$ 12,500	\$ 12,500	\$ 27,500	\$ 35,300	\$ 32,500	\$ 44,500
Property, Furnishings and Equipment	\$ 54,200	\$ 54,200	\$ 56,400	\$ 83,220	\$ 89,570	\$ 147,695
Consulting Services				\$ 150,000	\$ 250,000	\$ 250,000
Sub-Total	\$ 209,600	\$ 209,600	\$ 463,297	\$ 747,631	\$ 970,995	\$ 1,164,729
Waste Management Services						
Waste Recovery Facilities				\$ 909,200	\$ 1,217,388	\$ 1,183,586
Transfer Station					\$ 897,520	\$ 209,724
Waste Collection Services					\$ 2,783,323	\$ 2,678,214
Household Hazardous Waste Program					\$ 120,000	\$ 120,000
Transportation Subsidy				\$ 280,000	\$ 280,000	\$ 180,000
Sub-Total	\$ -	\$ -	\$ -	\$ 1,189,200	\$ 5,298,231	\$ 4,371,524
ERSB Operating Budget	\$ 209,600.00	\$ 209,600.00	\$ 463,297.00	\$ 1,936,831.18	\$ 6,269,225.90	\$ 5,536,252.99
Regional Integrated Waste Manageme *			\$ 9,594,027.00	\$ 10,562,055.82	\$ 10,500,000.00	\$ 10,500,000.00
Contribution to Reserve *					\$ 2,507,188.28	
Total ERSB Operating Budget			\$ 10,057,324.00	\$ 12,498,887.00	\$ 19,276,414.18	\$ 16,036,252.99
REVENUE						
ERSB						
Waste Collection Services					\$ (2,774,520)	\$ (2,851,380)
Recyclables (metals)					\$ (35,000)	\$ (35,000)
Transfer Station Operations					\$ (254,800)	\$ (122,640)
HST Rebate						\$ (294,821)
Municipal Affairs Funding						
MMSB Trust Fund	-\$ 200,000.00	-\$ 200,000.00				
ERSB Surplus (Deficit) previous Years						
Sub-Total	\$ (200,000.00)	\$ (200,000.00)	\$ -	\$ -	\$ (3,064,320.00)	\$ (3,303,840.61)

Eastern Regional Service Board Budget Summary 2014

	Year					
	2009	2010	2011	2012	2013	2014
Regional Integrated Waste Management Facility					Estimated	Estimated
Lease of Space			\$ (229,800)	\$ (203,363)		
Sale of Recyclable Material			\$ (50,000)	\$ (200,000)		
Sanitary Fill Permits			\$ (18,000)	\$ (25,000)		
Tipping fees *			\$ (9,606,875)	\$ (10,211,550)	\$ (12,436,831)	\$ (12,436,831)
ICI Material Compensation Fees			\$ (90,000)	\$ (108,000)		
Cross Docking Compensation Fees			\$ (20,000)	\$ (21,000)		
Beverage Return Contribution MMSB			\$ (50,000)	\$ (137,500)		
Transfer to Reserves (Surplus from Previous Year Operatio *				\$ (1,595,923)	\$ (3,775,263)	\$ (295,581)
Sub-Total			-\$ 10,064,675.00	-\$ 12,502,336.00	-\$ 16,212,094.18	-\$ 12,732,412.38
Total ERSB Revenue			-\$ 10,064,675.00	-\$ 12,502,336.00	-\$ 19,276,414.18	-\$ 16,036,252.99
NET			-\$ 7,351.00	-\$ 3,449.00	\$ -	-\$ 0.00
Capital Received From Province	N/A	N/A	N/A			
Landfill Site Closure and WRF Construction				\$ 2,800,000.00		
Provincial Funding Approved						
Transfer Station Site Selection and Design				\$ 175,000		
Transfer Station Clarendville						\$ 2,867,257.00

Notes:

2011 Eastern Regional Service Board funding derived from tipping fees (actuals show additional \$120,000 funding from MMSB)

* Estimate - 2014 Budget not provided by City of St. John's